

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
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FM AMEMBASSY BONN
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INFO AMEMBASSY ANKARA
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AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY THE HAGUE
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK
AMEMBASSY ROME
USMISSION USNATO
USCINCEUR VAIHINGEN GE
CINC USAFE RAMSTEIN
CINC USAREUR HEIDELBERG
CINC USNAVEUR LONDON

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E.O. 11652: N/A
TAGS: MCAP, MILI, GW
SUBJECT: DEFENSE MINISTER APEL COMMENTS
ON FRG DEFENSE BUDGET, AWACS

1. OVER THE WEEKEND OF JULY 29-30, DEFENSE MINISTER
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HANS APEL GAVE TWO RADIO INTERVIEWS, EXCERPTS OF WHICH
WERE PICKED UP IN THE MONDAY EDITIONS OF SEVERAL
GERMAN PAPERS. HIS COMMENTS ON THE INCREASE IN THE
FRG DEFENSE BUDGET AND ON AWACS WERE PARTICULARLY
NOTEWORTHY.

2. FOLLOWING IS AN INFORMAL EMBASSY TRANSLATION OF

PART OF APEL'S INTERVIEW BROADCAST ON JULY 29:

Q. WE KNOW THAT THE NATO SUMMIT IN WASHINGTON ON MAY 31 THIS YEAR DECIDED THE ALLIES SHOULD FIX A REAL GROWTH IN DEFENSE EXPENDITURES OF ABOUT THREE PER CENT YEARLY. YOU HAD A DISPUTE ABOUT THIS WITH YOUR COLLEAGUE (FINANCE MINISTER) MATTHOEFER. THE 1979 DEFENSE BUDGET PROVIDES FOR SOMEWHAT MORE THAN 36 BILLION MARKS. THAT IS NOMINALLY AT LEAST THREE PER CENT MORE IN THE CURRENT YEAR RELATIVE TO THE PAST YEAR. BUT WHEN ONE CONSIDERS THE PRICE INCREASES, THEN THIS IS NATURALLY NOT A GENUINE THREE PER CENT RISE. ARE THESE PROBLEMS ALREADY SMOOTHED OUT OR ARE YOU HERE STILL IN DISAGREEMENT WITH THE FEDERAL FINANCE MINISTER?

A. THAT WHICH IN THE BUDGET IS CHARGED AS AN INCREASE IN PLAN 40, I.E., IN THE BUDGET OF THE DEFENSE MINISTRY, IS OF COURSE NOT WHAT GOES INTO THE NATO CALCULATION. MORE GOES INTO THIS CALCULATION. BERLIN ASSISTANCE GOES IN. THE AUGMENTED PERSONNEL MEASURES, I.E., NEXT YEAR'S PAY INCREASE, GO IN. AND THESE ARE NOT IN PLAN 40 BUT IN PLAN 60. THAT IS GENERAL FINANCIAL ADMINISTRATION. AND A WHOLE SERIES OF FURTHER ITEMS GO IN. THAT MEANS, IN OTHER WORDS, THIS NOMINAL 3.1 PER CENT BUDGET INCREASE DOES NOT REVEAL WHAT WE CONTRIBUTE TO NATO. WE CONTRIBUTE A LOT MORE TO NATO. LIMITED OFFICIAL USE

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AND NATO ACCEPTS THAT, TOO. WHETHER WE AT THE END WILL HAVE REACHED THE THREE PER CENT LEVEL WILL BECOME EVIDENT AT THE END OF THE BUDGET CONSULTATIONS. WE ARE IN ANY CASE NOT VERY FAR FROM IT. FOR THE REST, THIS ENTIRE DEBATE IS FOR ME A SHAM DEBATE. I AM IN AGREEMENT WITH HANS MATTHOEFER. MY EXPERTS TELL ME THAT WITH 36 BILLION MARKS, WHICH WE NOW HAVE, EVERYTHING CAN BE FINANCED IN THE NEXT YEAR WHICH WE MUST FINANCE, FROM THE PROCUREMENT OF NEW WEAPONS, THROUGH THE BUILDING OF A NEW INFRASTRUCTURE, TO THE PAYMENT OF OUR TROOPS.

3. FOLLOWING, FOR THE BENEFIT OF THOSE ADDRESSEES WHO MAY NOT HAVE RECEIVED IT, IS THE FBIS TRANSLATION OF THE RELEVANT PORTIONS OF APEL'S JULY 30 INTERVIEW:

Q. LET US BEGIN WITH THE MONEY QUESTION: WHERE IN YOUR BUDGET ARE THE EXPENDITURES FOR OUR SHARE IN THE NATO LONG-TERM PROGRAM AFTER THE CONSULTATIONS JUST HELD?

A. THE BUDGET CONSULTATIONS HAVE BEEN CONCLUDED.

I HAVE BEEN GRANTED ANOTHER DM50 MILLION FOR RESEARCH
PROJECTS. UNDER THE NATO CRITERIA, AND THESE INCLUDE
THE PERSONNEL EXPENDITURES AND THE EXPENDITURES FOR THE
FEDERAL BORDER POLICE AND PART OF THE EXPENDITURES FOR
BERLIN, WE NOW HAVE A REAL INCREASE RATE OF CLEARLY
MORE THAN 3 PERCENT, 3.2 PERCENT TO BE EXACT, IN THE
DEFENSE EFFORTS OF THE FEDERAL REPUBLIC OF GERMANY.
THEREBY WE HAVE LIVED UP TO THE COMMITMENT UNDERTAKEN

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BY THE CHANCELLOR UNDER WHICH OUR DEFENSE EFFORTS FOR THE 1979 FISCAL YEAR WOULD HAVE HAD TO BE INCREASED BY A REAL 3 PERCENT, MEANING, LESS PRICE HIKES. THIS HAS NOT YET BEEN ACHIEVED FOR 1980, BUT THEN, THE BUDGET LIMITED OFFICIAL USE

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DISCUSSIONS WILL BE HELD ONLY 12 MONTHS FROM NOW.

Q. IN SPRING YOU SUGGESTED TO OUR AMERICAN PARTNER A SORT OF COMPENSATION DEAL FOR OUR PARTICIPATION IN AWACS, THE AIRBORNE EARLY WARNING AND CONTROL SYSTEM. THIS PROBABLY WILL GO UP IN SMOKE. TO GO BY THE VOICES THAT CAN BE HEARD FROM THE UNITED STATES CONCERNING THE GEPARD LEASING PROGRAM, AT ANY RATE, THEY ARE NOT VERY RECEPTIVE OVER THERE. HOW IS AN OFFSET PROGRAM IN THE OTHER DIRECTION, AS IT WERE, TO BE ACCOMPLISHED?

A. I HAVE NOT BELIEVED IN THE GEPARD DEAL AT ANY TIME BECAUSE TO ME IT WOULD BE STRANGE TO OBTAIN A VERY EXPENSIVE ARMS SYSTEM VIA LEASING. THIS CAN BE DONE WITH TRUCKS AND EVEN PASSENGER CARS, BUT IT CANNOT BE DONE WITH HIGH-QUALITY WEAPONS SYSTEMS, I THINK, ALL THE MORE SINCE THE QUESTION WILL IMMEDIATELY ARISE AFTER THE EXPIRATION OF THE LEASING PERIOD--6 OR 7 YEARS--AS TO WHO WILL THEN TAKE THESE ARMS AND AT WHAT PRICE. I HAVE CONSIDERED THIS ALL THE TIME AS A PLAN THAT CAN HARDLY BE IMPLEMENTED. WHAT IS IMPORTANT TO ME IN THE WAY OF COMPENSATION FOR OUR SHARE IN AWACS, IF YOU WISH TO PUT IT THIS WAY, IS THE LOCATION OF THIS SYSTEM, THE MAIN BASE FOR MISSIONS; THIS WILL BE LOCATED IN THE FEDERAL REPUBLIC. WE HAVE PREVAILED IN THIS POINT. WE HAVE ALSO PREVAILED WITH OUR DEMAND THAT DM200 MILLION WORTH OF TRUCKS BE BOUGHT BY THE UNITED STATES FROM GERMAN PRODUCERS. AND IN THIRD PLACE: NEARLY 50 PERCENT OF THE ORDERS FROM THE EARLY WARNING SYSTEM AWACS HAVE BEEN CONTRACTED FOR THE GERMAN INDUSTRY. THUS, ONE LAST BONE OF CONTENTION REMAINS, AND ON THIS I DEMAND CLEAR STATEMENTS FROM MY LIMITED OFFICIAL USE

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U.S. COLLEAGUE, NAMELY, THE ANSWER TO THE QUESTION WHETHER THE AMERICANS ARE PREPARED AND ABLE TO PURCHASE ROUGHLY DM250 MILLION WORTH OF TELEPHONE INSTALLATIONS FROM GERMAN PRODUCERS FOR THE U.S. ARMED FORCES. THE NEGOTIATIONS ON THIS POINT ARE IN PROGRESS, THE RESPON-

SIBILITY FOR THEM ON OUR SIDE RESTING WITH THE
MINISTRY OF POSTAL AFFAIRS AND COMMUNICATIONS. THINGS
ARE NOT LOOKING BAD, BUT I INTEND TO WRITE MY U.S. COL-
LEAGUE A LETTER ONE OF THESE DAYS TO ILLUSTRATE HOW
IMPORTANT THIS MATTER IS FOR A FAVORABLE DECISION IN
PARLIAMENT. IN LATE SEPTEMBER I WOULD LIKE TO GO TO
THE BUNDESTAG COMMITTEES AND TELL THEM: THIS IS THE
SITUATION, I HEREBY APPLY FOR OUR PARTICIPATION IN
THE EARLY WARNING SYSTEM AWACS. I AM CONVINCED, AND
ESPECIALLY SO IF EVERYTHING COMES OUT ALRIGHT IN THE
CASE OF THE TELEPHONE INSTALLATIONS, THAT PARLIAMENT
WILL GIVE ITS APPROVAL. MEEHAN

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